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SUBJECT: AIR ZIM STRIKE OVER, BUT LITTLE RELIEF EXPECTED FOR
OTHER GOVT WORKERS

1. Summary: A GOZ compromise and end to the high-profile strike by Air Zimbabwe engineers offers little spillover for other disgruntled government workers. End Summary.

2. Press reports indicate that the four-month strike of Air Zimbabwe's engineers' has been resolved after the GOZ "intervened and met their demands." Although Air Zim had suspended the 140 engineers without pay and benefits, the terms of the new agreement indicate that the GOZ has acceded to or exceeded all of the engineers' demands: increases of the basic salary to Z\$200,000 - \$430,000 monthly (about US\$135 - \$289 at the fluctuating parallel rate), a 15 percent "critical allowance," and full back-pay of all wages and benefits while the engineers were on strike. Tellingly, one engineer stated that this was "a good starting point" which should be open to continuing dialogue, since most of the gains have already been eroded by inflation.

Comment

3. While news of the "breakthrough" in the engineers' strike might suggest a weakening in the GOZ's position toward labor in general, several factors indicate that this translates into little relief for domestic sectors. First, the Air Zim situation is high profile -- the safe operation of the national airline is a strategic issue. Every time the safety of Air Zim equipment is called into question, the GOZ looks bad. Second, the cost of a continued strike was expensive. The GOZ was reduced to sending the aircraft to neighboring countries for routine service, or hiring South African or other regional engineering crews who would simply refuse to service the aircraft and leave (as did the SA engineers recently) if pay was not forthcoming. Third, the money demanded by the relief engineers had to be paid in forex, since the regional substitutes would not accept payment in Zim dollars, further straining the forex situation. All things considered, the cost of meeting the Air Zim engineers' demands was ultimately cheaper than limping along without them, even though Air Zim officials tell us they only need 60 percent of the engineers at present service levels.

4. It does not seem likely that local employees or local concerns -- such as the teachers or nurses -- will benefit from similar considerations. There is less immediate damage if the educational system is underfunded, and the GOZ is not sourcing forex in order to pay replacements. Healthcare workers might benefit more from factors similar to those affecting the airplane engineers, but not much. The high-profile PR ploy of bringing in MDs from Cuba does cost more money than increasing pay for local MDs (pay in forex along with expensive "home leave" annually), which could tip the balance for the doctors. However, the GOZ is not really doing much to replace the other unhappy medical personnel, such as X-ray techs, lab techs, nurses and pharmacists.

Sullivan